

Nippon Cargo Airlines Co., Ltd.

Statements of Income and Disposition of Deficit

Years ended March 31, 1997 and 1996

	Millions of yen		Thousands of U.S. dollars
	1997	1996	1997
Operating revenues:			
Cargo, mail and other freight revenues	¥ 58,658	¥ 50,074	\$ 472,668
Other operating revenues.....	2,130	1,549	17,165
	<u>60,788</u>	<u>51,624</u>	<u>489,833</u>
Aircraft, flight and other operating expenses:			
Aircraft depreciation	2,302	2,141	18,555
Other expenses (Note 5)	40,179	34,139	323,769
	<u>42,482</u>	<u>36,281</u>	<u>342,325</u>
Sales, general and administrative expenses	11,726	10,160	94,489
Operating income	6,579	5,182	53,018
Other income (expenses):			
Interest and dividend income	112	181	906
Interest expense (Note 4)	(864)	(1,426)	(6,965)
Others, net.....	(729)	420	(5,876)
	<u>(1,481)</u>	<u>(824)</u>	<u>(11,935)</u>
Income (loss) before income taxes.....	5,098	4,358	41,083
Income taxes	11	10	93
Net income (loss)	¥ 5,086	¥ 4,347	\$ 40,989
Deficit at beginning of year			
	¥(9,623)	¥(14,234)	\$(77,542)
Undisposed deficit	(4,536)	(9,887)	(36,552)
Deficit carried forward to the next period (Note 7).....	(4,451)	(9,623)	(35,873)
		Yen	U.S. dollars
Net income (loss) per 100 shares of common stock.....	¥ 1,178	¥ 1,006	\$ 9.49

The accompanying notes are an integral part of these statements.